

COMMONWEALTH OF KENTUCKY  
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE APPLICATION OF THE SHELBY RURAL ELECTRIC )  
COOPERATIVE CORPORATION FOR THE AUTHORIZATION )  
TO BORROW NINE HUNDRED THIRTY-SIX THOUSAND )  
(\$936,000.00) DOLLARS FROM THE UNITED STATES )  
OF AMERICA, AND FOUR HUNDRED TWENTY-TWO )  
THOUSAND (\$422,000.00) DOLLARS FROM THE ) CASE NO. 7986  
NATIONAL RURAL UTILITIES COOPERATIVE FINANCE )  
CORPORATION, TO EXECUTE NOTES FOR SAID SUMS, )  
AND FOR A CERTIFICATE OF CONVENIENCE AND )  
NECESSITY AUTHORIZING EXTENSIONS AND IMPROVE- )  
MENTS OF ITS EXISTING LINES AND ADDITIONS TO )  
ITS SYSTEM. )

O R D E R

Shelby Rural Electric Cooperative Corporation (Shelby) filed its application on October 7, 1980, for a Certificate of Convenience and Necessity and for authorization to borrow the sum of nine hundred thirty-six thousand dollars (\$936,000.00) from the United States of America Rural Electrification Administration (REA) and the sum of four hundred twenty-two thousand dollars (\$422,000.00) from the National Rural Utilities Cooperative Finance Corporation (CFC), and to execute its notes as security therefor. The funds acquired by these borrowings are to be used to make system improvements and to extend service to new customers. These improvements and additions, which are estimated to cost one million three hundred thirty-six thousand nine hundred dollars (\$1,336,900.00) are more specifically described in the application and record.

The matter was set for hearing on December 2, 1980, at 1:30 p.m., Eastern Standard time, in the offices of the Energy Regulatory Commission at Frankfort, Kentucky. The hearing was held as scheduled and all parties of interest were allowed to be heard. There were no intervenors and no protests were entered.

The Energy Regulatory Commission, after consideration of the application and all evidence of record, and being advised, is

of the opinion and FINDS:

1. That the public convenience and necessity require that such construction as is proposed in the application and record be performed and that a certificate of convenience and necessity should be granted.

2. That the proposed borrowings are for a lawful object within the corporate purposes of the utility, are necessary and appropriate for and consistent with the proper performance by the utility of its service to the public, and will not impair its ability to perform that service, and are reasonably necessary and appropriate for such purpose.

IT IS THEREFORE ORDERED that Shelby be and it is hereby granted a certificate of public convenience and necessity to proceed with the construction as set forth in the application and record.

IT IS FURTHER ORDERED that Shelby be and hereby is authorized to borrow a sum in the principal amount of \$936,000.00 from REA at the rate of five percent (5%) per annum over a thirty-five (35) year period with payment of principal deferred for three years.

IT IS FURTHER ORDERED that Shelby be and it is hereby authorized to borrow a sum in the principal amount of \$422,000.00 from CFC at the initial interest rate of ten and one half percent (10½%) per annum until a date in 1987 to be specified by CFC and the rate to be variable thereafter, over a period of thirty-five (35) years.

IT IS FURTHER ORDERED that Shelby be and it is hereby authorized to execute its notes as security for the loans authorized herein.

IT IS FURTHER ORDERED that the proceeds from the proposed borrowings shall be used only for the lawful objects as set out in the application and record.

IT IS FURTHER ORDERED that Shelby shall submit semiannual reports to the Commission setting forth in detail the status of the construction authorized herein as well as the status of the funds

authorized for said construction.

Nothing herein contained shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 5th day of January, 1981.

ENERGY REGULATORY COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Secretary